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SIPDIS

DEPT FOR OES/PCI - L.SPERLING
DEPT FOR OES/ENCR - C.KARR-COLQUE
DEPT FOR OES/EGC - D.NELSON AND T.TALLEY

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12. (SBU) SUMMARY. The Government of Brazil (GOB) had another bad month in August in its efforts to reduce the rate of deforestation: the rate more than tripled compared to August 2007. Against this backdrop, the Environment Minister Carlos Minc announced twelve additional measures to reinforce the GOB's efforts to combat deforestation. Most notably, Minc released a list of the top one hundred contributors to deforestation, with a promise to take legal action against them. This step stirred up a controversy because at the top of the list was the Brazilian Land Settlement Agency (INCRA), which resettles the landless. At around the same time, the GOB released for public comment a proposed National Plan on Climate Change (SEPTEL), which calls for reducing the rate of "illegal" deforestation to zero and eliminating the "net" loss of the area of forest coverage by 2015. During this same period, Minc acceded to demands from the agriculture lobby to water down tough changes to strengthen the National Environmental Crimes Law proposed by his predecessor, Minister Marina Silva. This has provoked sharp criticisms from some in the environmental community, especially from former Minister Silva. Minc did succeed in persuading the Agriculture Ministry to exclude the Amazon and some other sensitive areas from the planting of sugar cane in a new zoning regulation to be released. END SUMMARY

YET ANOTHER BAD MONTH FOR FIGHTING DEFORESTATION

13. (SBU) ON September 29, the Brazil's National Space Research Institute (INPE) announced the amount of deforestation for the month of August: 756 square kilometers. Environment Minister Carlos Minc - not one to sugarcoat matters - exclaimed, "The numbers are just terrible." The August 2008 figure represents a 228 percent increase compared to the amount of forest cleared in the same month for the previous year, i.e., 230 square kilometers. Further, the August figure is more than twice that for July, i.e., 323 square kilometers. The northern state of Para was responsible for almost 60 percent of the total forest clearing in August.

14. (SBU) INPE is expected to release its annual rate of deforestation later this year, which uses more precise and reliable data than that employed for monthly rates. Expectations are that the annual rate will be significantly higher than the 11,532 square kilometers cleared in the September 2006-August 2007 annual period.

TWELVE NEW MEASURES

15. (SBU) In response to the bleak numbers in August and earlier months, Minc announced twelve new measures to step up efforts to reduce deforestation. Most notably, he released a list of the top 100 illegal deforesters, with a promise to work with federal prosecutors to take legal action against the culprits. The other measures are:

- The creation of a new federal task force to fight deforestation and combat environmental crimes. This unit will have three thousand officials, two thousand working with Brazil's Environmental Agency (IBAMA) and one thousand with the Institute Chico Mendes, which manages conservation areas;
- The launching of law enforcement operations in the second half of October 2008 to expel illegal loggers from the national forests in the north-western state of Rondonia.
- An intention to work with state governments in the Amazon to develop their state-level plans for combating deforestation, which is a precondition for obtaining financial support from the new national Amazon Fund (REFTEL).
- The creation of six new check points / monitoring stations on the principal highways through the Amazon to deter the transportation of illegal wood and charcoal.
- The formation of an inter-ministerial committee for fighting deforestation that will define strategies and actions, which will be composed of representatives from six different ministries;
- The development of a system for issuing of federal Forest Origin Documents, which should help deter fraud in the logging sector;

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- The setting up of a Forest District along the north-south BR-163 highway (Cuiaba-Santarem) to better control and protect the region (this project will be financed through six million Euros donated by the European Union);
- The creation of a working group to designate conservation units along the length of the north-south BR-319 (Porto Velho-Manaus) highway, which is undergoing upgrades and completion of the paving process;
- The revision of the national Program for the Prevention and Combating of Deforestation (PPCDAM) with the aim of strengthening efforts along the so-called Arc of Fire, where most of the deforestation is occurring;
- The equalization of rights of mining communities with those of settlers in communities established by the Brazilian Land Settlement Agency (INCRA), and release the first management plan for an INCRA settlement in Rondonia.
- The organization of workshops in states to facilitate the licensing of rural settlements and the recuperation of Mining Reserves and Permanently Protected Areas.

BRAZIL'S WORST OFFENDER? THE GOVERNMENT OF BRAZIL

16. (SBU) Minc's list of the nation's top one hundred deforesters immediately caused a political storm because at the top of the list of offenders was the Government of Brazil itself, namely, INCRA. Initially, Minc said that criminal charges would be opened against all the main deforesters. (NOTE: Minc tried to defuse the political mess by saying he had released the list without reading it first and, to make matters even worse, claimed that the list had been prepared by his predecessor Marina Silva. END NOTE).

17. (SBU) INCRA's President Rolf Hackbart pushed back. He challenged the inclusion of INCRA on the list saying that the data used to prepare it was from 1998 and completely obsolete. Subsequently, Minc promised to have the list reviewed. He further

announced that in talks with INCRA it was determined that instead of taking any legal actions against INCRA, INCRA would turn over to the Environment Ministry an unspecified amount of land (in a place to be named later) as compensation. For the others on the list, Minc said that his ministry would work with prosecutors to bring criminal charges and/or seek heavy fines.

PROPOSED NATIONAL PLAN ON CLIMATE CHANGE

¶8. (SBU) Around this same time, on September 30, the Environment Ministry released for public comment a proposed National Plan on Climate Change (SEPTTEL). The proposed plan addresses the problem of deforestation. It calls for, among other actions, measures to reduce the "illegal" deforestation rate to zero, as well as achieving a sustainable decrease in the overall deforestation rate. In addition, the plan proposes to eliminate the "net" loss of the area of forest coverage by 2015. Key to the plan is reforestation and developing tree plantations (such as eucalyptus, which would produce wood for making coal). The final version of the plan should be ready to be presented at the UN Climate Change Conference to take place in Poznan, Poland, December 1-12, 2008.

CHANGES TO ENVIRONMENTAL CRIME LAWS

¶9. (SBU) On October 8, 2008, Minc announced his revision to changes proposed earlier by his predecessor, Min. Marina Silva, to the country's Environmental Crime Law. The earlier version would have imposed tough requirements on farmers and ranchers in the Amazon region, and the Ministry of Agriculture had objected. Minc essentially split the difference between the agriculture and the environmental communities. The main changes refer to the time frame farmers will have to bring their properties into compliance with the requirements to maintain a forest reserve of 80 percent. Also, the changes would reduce the penalties for non-compliance. Instead of denying benefits to a farmer for all the land in question for non-compliance, the penalties - such as a cutoff of government credits - would only the non-compliant portion. The proposed text still has to go the President for approval before going to Congress. The Congress has a powerful rural contingent that may seek to further amend the bill or just kill it.

¶10. (SBU) During a Senate hearing, Minc was heavily criticized by his predecessor, now Senator Marina Silva, who said that by changing

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the current legislation the country is creating an even bigger problem for the environment. Silva also criticized Minc's permission for the planting of biofuel crops in already degraded areas of the Amazon Forest.

NEW ZONING PLAN

¶11. (SBU) The Environment Ministry has been working with the Agriculture Ministry on developing a new zoning plan to govern sugarcane. Minc and Agriculture Minister Reinhold Stephanes announced that the plan would be ready later this year. According to both ministers, the only pending part of the report refers to whether or not sugarcane planting will be allowed in the high plateaus of the Pantanal region. Minc anticipated the results by saying that the studies have identified 65 million hectares of possible sugarcane planting lands outside the Pantanal and Amazon Biomes. The area also excludes land with native vegetation coverage in any of the country's biomes, as well as sloped land where mechanical planting cannot be used and therefore the use of fire would be considered necessary.

¶12. (SBU) "All we have to do now is choose six million hectares out of the total 65, so that we can meet our goals established in the National Climate Change Plan for the production of ethanol", said Minc during the hearing. The Plan establishes an eleven percent yearly increase in ethanol production in order to bring down CO2 emissions.

COMMENT

¶13. (SBU) Environment Minister Minc has injected new energy and greater pragmatism into the GOB's efforts to reduce the high deforestation rate. He doesn't shy from admitting problems with the current efforts, and he is willing to try new measures. Further, Minc has shown his pragmatism by working with the Agriculture Ministry even when it draws the ire of environmentalists or his predecessor Marina Silva. This is reflected in the proposed National Plan on Climate Change, which envisions halting "net" loss of forest coverage at the same time that it includes reforestation and tree plantations as tools (an anathema to some in the environment community). END COMMENT.

SOBEL